

DE 99-084

CONCORD ELECTRIC COMPANY  
EXETER & HAMPTON ELECTRIC COMPANY

Retail Fuel and Purchased Power Adjustments, Short-Term Power  
Purchase Rates for Qualifying Facilities, and  
NH Pilot Program Rate Adjustments

Order Approving Fuel and Purchase Power Adjustments, Short-Term  
Purchase Power Rates, and Pilot Program Rate Adjustments

O R D E R    N O.    23,244

June 28, 1999

**APPEARANCES:** LeBoeuf, Lamb, Greene & MacRae by Scott Mueller, Esq. for Concord Electric Company and Exeter & Hampton Electric Company, Tracy B. Guyette and Henry J. Bergeron for the Staff of the New Hampshire Public Utilities Commission.

**I.    PROCEDURAL HISTORY**

On June 1, 1999 Unitil Service Corporation on behalf of Concord Electric Company (CEC) and Exeter & Hampton Electric Company (E&H)(collectively the Companies) filed with the New Hampshire Public Utilities Commission (Commission) proposed tariff pages, supporting testimony and exhibits to revise the Companies' retail fuel adjustment clause (FAC) charges and purchased power adjustment clause (PPAC) charges, short-term power purchase rates for Qualifying Facilities, and the stranded cost recovery charges and external transmission cost charges applicable to the Companies' participants in the Retail Competition Pilot Program for the period July 1, 1999 to December 31, 1999. An Order of Notice was issued on June 9, 1999 calling for a hearing on June 21, 1999. No motions for intervention were

received. On June 25, 1999 the Companies filed compliance tariff pages to correct for an error uncovered subsequent to the filing.

## II. POSITIONS OF THE PARTIES AND STAFF

### A. Concord Electric Company and Exeter & Hampton Electric Company.

The Companies presented the testimony of two witnesses, Linda S. Hafey, Project Leader of Regulatory Operations for Unitil Service Corporation, and Scott A. Long, Senior Energy Analyst for Unitil Service Corporation. Mr. Long's testimony addressed Unitil Power Corporation's (UPC) production plan and associated costs. Subsequent to making its filing, UPC found an error in its April 1999 capacity costs for Bridgeport Harbor 3 which will reduce the demand charge to the Companies from UPC from \$22.83/kW to \$22.46/kW for the period July 1, 1999 to December 31, 1999. The base energy charge from UPC to the Companies, effective July 1, 1999, will be \$0.00522/kWh and the fuel charge will be \$0.01546/kWh. UPC's proposed rates represent a 7.8 percent decrease in demand charges (from \$24.37/kW to \$22.46/kW) from the January to June 1999 period, an increase of 5.9 percent in base energy charges (from \$0.00493/kWh to \$0.00531/kWh), and a 1.8 percent decrease in fuel charges (from \$0.01575/kWh to \$0.01546/kWh). The demand charge is decreasing primarily due to lower forecast costs associated with the Vermont Yankee nuclear unit, lower demand costs associated with the NU

170 MW-yr contract, lower short term demand costs, and savings associated with the Indeck option agreement buyout. The base energy charge is expected to increase primarily due to higher forecast costs associated with Seabrook Nuclear Station. Fuel charge decreases are due to an over-collection in the January through June 1999 period. The over-collections arose from a Hydro Quebec settlement and lower than forecast oil prices.

Mr. Long testified to mitigation savings in this filing which total approximately \$3,000,000 primarily attributable to the buyout of the Indeck purchased power contract and option agreement, termination of the Millstone 3 portion of the NU Slice of system contract, and buyout of the Baystate Agawam gas turboexpander purchased power contract.

Ms. Hafey presented calculations, which when corrected for the change to UPC's demand charge filed June 25, 1999, support CEC's request for a FAC credit of (\$0.00971)per kWh and a PPAC charge of \$0.00324 per kWh. The combined effect of these rate changes results in a typical 500 kWh per month residential bill increasing from \$48.66 to \$48.82, or 0.33 percent.

Calculations for E&H, also corrected for UPC's change to its demand charge, support a FAC credit of (\$0.00973) per kWh and a PPAC charge of \$0.00379 per kWh for the period July 1, 1999 through December 31, 1999. This results in a rate decrease for a typical 500 kWh per month customer from \$47.26 to \$46.81, or 0.95 percent.

In her pre-filed testimony, Ms. Hafey also presented calculations of the Companies' Mitigation Proceeds Credit, the Sales Margin Retention Credit, and the Participant Incentive Credit as well as the Non-Participant Protection Adjustment for the Retail Competition Pilot Program.

The Companies filed revised tariffs for short-term power purchase rates for Qualifying Facilities as follows:

Energy Rates	
On Peak	2.50¢ per kWh
Off Peak	1.95¢ per kWh
All Hours	2.18¢ per kWh
Capacity Rate	0.00¢ per kW-yr.

**B. Staff.**

Staff did not present testimony but cross examined the Companies' witnesses on the issues of forecasted sales growth, changes in FAC/PPAC methodology, short-term avoided costs, and contract buyouts. Ms. Hafey indicated that the Companies' growth estimates are based upon weather normalized data. Given the warm winter of 1998/1999, the growth estimates, 4.1 percent for Concord and 2.9 percent for Exeter & Hampton for the year 1999 over 1998, appear much higher than they would compared to weather normalized sales. The growth forecasts are based upon actual data and do not include any adjustments for anticipated expansion in the service territories.

**III. COMMISSION ANALYSIS**

We have reviewed the testimony and exhibits in this case along with the updated compliance filing. Based upon a review of the petition and the witnesses testimony, we find the proposed rate changes for CEC and E&H to be in the public interest. In addition, we note that the Companies' method for calculating the FAC and PPAC has not changed since their last filing which we found to be just and reasonable.

**Based upon the foregoing, it is hereby**

**ORDERED,** that Concord Electric Company's Fuel Adjustment Charge for the period July 1, 1999 through December 31, 1999 shall be a credit of (\$0.00971) per kWh, and its Purchased Power Adjustment Charge shall be \$0.00324 per kWh; and it is

**FURTHER ORDERED,** that Exeter & Hampton Electric Company's Fuel Adjustment charge for the period of July 1, 1999 through December 31, 1999 shall be a credit of (\$0.00973) per kWh, and its Purchased Power Adjustment Charge shall be \$0.00379 per kWh; and it is

**FURTHER ORDERED,** that the Companies short-term purchase power rates for Qualifying Facilities are approved as follows:

Energy Rates

On Peak	2.50¢ per kWh
Off Peak	1.95¢ per kWh
All Hours	2.18¢ per kWh

Capacity Rate	0.00¢ per kW-yr;
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and it is

**FURTHER ORDERED,** that Concord Electric Company's and Exeter & Hampton Electric Company's Stranded Cost Recovery Charges are approved as filed in Exhibit LSH-8; and it is

**FURTHER ORDERED,** that Concord Electric Company and Exeter & Hampton Electric Company file revised tariff pages in compliance with this Order on or before July 15, 1999.

By order of the Public Utilities Commission of New  
Hampshire this twenty-eighth day of June, 1999.

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Douglas L. Patch  
Chairman

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Susan S. Geiger  
Commissioner

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Nancy Brockway  
Commissioner

Attested by:

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Thomas B. Getz  
Executive Director and Secretary